

**State of the State Address
January 19, 2011**

1. Welcome and Acknowledgements

- Speaker Bolger, Lt. Gov. Calley, Senate Majority Leader Richardville, Senate Democratic Leader Whitmer, House Democratic Leader Hammel, Members of the Supreme Court, Secretary of State Johnson, Attorney General Schuette, Cabinet members, Ladies and gentlemen of the Legislature
- Fellow public servants
- Special thanks to Michigan men and women serving in Armed Forces
- My family

2. Outline of Report

- Steps/tools needed to drive the Reinvention of Michigan. Culture change is critical.
- Present a Report card so can benchmark work ahead.
- Present a Roadmap highlighting key areas that our administration will target.
- Participation from everyone. Path to a bright future is based on all of us contributing to the solution.
- Start with the specifics of economic development. **Simply put -- Job One is Jobs.**

3. Our Approach

- Michigan is in a crisis that can be solved – by working together and adopting an attitude of **relentless positive action**.
- Must address in a systematic fashion through honesty, hard work and teamwork.
- It won't be easy and will not happen overnight.
- We must recognize that our government has an unsustainable financial model.
 - More than \$54 billion in pension and benefit liabilities.
 - Young people leaving school without the education they need to succeed.
 - Economic climate left too many people unemployed, underemployed.
- My focus: agreeing on course of action, implementation, measuring results, and continuous improvement.
- **This administration**, in partnership with the Legislature, **will focus on substance rather than form**.
- **We will not continue the fighting that resulted in rhetoric and paralysis. It is time to solve problems.**

4. Michigan Dashboard

- Must begin by actually measuring Michigan's progress.
- Gauge our success based on achieving key results.

- Using tough, hard measurements:
 - our achievements will be clear.
 - a lack of progress will be evident.
 - 21 different measures, designed to provide information at a glance. You don't need to be an economist or scientist to understand it.
- Will measure in 5 Key Areas that align with group executive structure:
 - Economic Growth
 - Health and Education
 - Value for Government
 - Quality of Life
 - Public Safety
- Will realign government to be based on results rather than function.
- **This “Michigan Dashboard” is ready to go. Visit it at:**
www.Michigan.gov/MiDashboard.

5. Roadmap

- Proposed roadmap for addressing major topics throughout the year. Aggressive agenda of action. I believe it is the right agenda. Need to make the old unbelievable the new achievable.
- #1 – Need for more and better jobs so focus is on economic development.
- #2 – Present budget in mid-February (a two-year budget)
 - based on outcomes and results, not traditional line item approach. Ensure citizens are getting value for money. Need to show results for real people.
 - eliminate job-killing MBT and replace with a 6% corporate net income tax.
 - ask Legislature to complete the budget process by May 31st
- #3 – focus on government reform at all levels.
 - A special message on government reform will be presented to the Legislature in March. Government reform needs to happen at all levels to move to service consolidation to deliver better value and provide better services for less money.
 - Encourage service sharing and best management practices through significant positive incentives in revenue sharing
- #4 – focus on education; Time to view educational system as running prenatal through lifelong learning. It is really P-20 not just K-12.
 - A special message on education will be presented to the Legislature in April.
 - Outcomes and results in our educational system.
- #5 – focus on healthcare; better access, quality and cost
 - Emphasis on wellness and preventive care, more general practitioners and prenatal care.

- Build a system that encourages all of us to have an annual physical, reduces obesity and smoking in our state.
- Three main paths to get us there: 1) executive; 2) legislative; and 3) Michigan citizens, businesses and communities.

6. Economic development

- Created an executive group focused on economic growth:
 - ⇒ Michigan Economic Development Corporation
 - ⇒ Department of Transportation
 - ⇒ Michigan State Housing Development Authority
 - ⇒ Department of Energy, Labor and Economic Growth
- Purpose: bridge gaps between state government’s investments in economic development, transportation and housing and better position Michigan to help revitalize our communities.
- For a stronger Michigan, **we need a better and stronger MEDC.**
 - #1 Eliminate overlapping between MEDC and regional economic groups.
 - Co-locate with local partners to ensure seamless delivery of services and optimum use of incentive tools.
 - Have MEDC serve as a clearinghouse, best practice center and problem solver across the state.
 - #2 Leverage successful programs and practices to the benefit of all regions of our state. Move to “open-source economic development.”
 - Examples: Oakland County’s **Automation Alley** is a best-in-class for international trade; Grand Rapid’s **The Right Place** is a best-in-class for international business attraction. We will leverage successful programs to benefit all.
 - #3 More emphasis on “economic gardening” as opposed to “hunting.”
 - **Focus first and foremost on building businesses already in our state.**
 - Continue to develop entrepreneurial opportunities (business acceleration services, incubators, pre-seed funds).
 - Connect entrepreneurs, innovators, management talent and job seekers with established employers through a statewide network.
 - **Offer statewide job posting services to every company that expands, locates or starts a business in our state.**
 - #4 Do a better job of connecting workforce development efforts with community colleges and economic development organizations.
 - focus on looking at future employment needs.
 - develop clearer paths for people to get the skills they need to find and be successful.

- #5 Review existing and proposed regulations to create a better environment for economic success while protecting citizens and businesses.
 - Stop efforts to create over-reaching regulations on ergonomics standards.
- #6 Create an **Office of Urban Initiatives** to proactively address issues in urban areas like Detroit, Grand Rapids and Flint-Saginaw area.
- #7 Strongly support our rural areas. Recently signed an executive order adding rural development to the responsibilities of the new Department of Agriculture and Rural Development. Added an MEDC board member with expertise in farmer credit needs.
- #8 Establish new initiative to encourage immigrants with advanced college degrees to come to Michigan to work and live.
 - About one-half of all of the startups in Silicon Valley have a foreign national as one of the founders.
 - Openly encourage innovators and entrepreneurs to come to our state.

7. Requests to the Legislature

- #1- Change Public Act 72 – **the Emergency Financial Manager’s Act.**
 - The current act does not allow intervention and assistance early enough.
 - Need clarity over the powers of financial managers.
- #2 – Change the scope of the **21st Century Jobs Fund.**
 - Lift restrictions to a limited list of eligible industries that can be supported by the Fund. Agriculture and information technology will benefit.
 - **The role of government is to support success – not to pick winners or losers.**
- #3 eliminate or modify antiquated laws.
 - Example: Michigan’s 1970s-vintage **“Item Pricing Law”** is an undue burden on retailers. Requiring “stickers” over other forms of price-marking costs Michigan’s economy over **\$2 billion dollars** a year. Let’s use the technology we have to protect customers.
- #4 - Support the families of Michigan’s agriculture industry.
 - Make agricultural eligible for 21st Century Jobs Fund and strengthen the Michigan Agricultural Environmental Assurance Program.
 - MAEAP should be a “seal of assurance” so farmers who run environmentally-sound operations are protected
- #5 Support funding of **Pure Michigan** at an annual rate of **\$25 million dollars.**
 - A 2009 study showed that every dollar spent on “Pure Michigan” advertising resulted in more than \$2 in tax revenue for the state.
- #6 Urge prompt passage of a capital outlay bill that implements the recommendations of the **Natural Resources Trust Fund.**
 - 117 recreation and land acquisition projects **totaling more than \$100 million dollars.**
- #7 Open our state to the promise and potential of international trade.

- In 2009 Michigan did roughly \$44 billion dollars in trade with Canada. 1 of 8 jobs in Detroit is in an export industry; and 1 in 7 in Grand Rapids. Ports in Detroit, Port Huron and Sault Ste. Marie handle one-third+ of all U.S. trade with Canada.
- Global demand for entry is expected to increase steadily.
- **We must plan now for a new bridge connecting Detroit to Windsor, Ontario.**
- Will present a **totally revamped and highly attractive** economic development proposal based on a recent agreement we secured from Washington.
 - Canada has offered **\$550 million dollars** for the construction of the road system to connect to the bridge.
 - Last week, **we secured a unique agreement** from the Federal Highway Administration to use this \$550 million dollar investment toward the matching funds required for all federally-funded highway projects across the state.
- This is a key in ensuring we capture all of our federal highway dollars.
- Not just a Detroit issue. Every farmer and manufacturer can tell you why it's important to have world trade. New bridge will create jobs, strengthen our economy and help establish Michigan as a hub for global commerce.
- **Michigan will not take on any debt related to this project.**
- Must work together to ensure opportunity doesn't slip away.

8. Businesses

- Initiative to attract young people to Detroit. Henry Ford Health System, Detroit Medical Center and Wayne State University "15 by 15" project to bring 15,000 young people to live in Midtown Detroit by 2015.
- University Research Corridor—Wayne State University, University of Michigan, Michigan State University—entering into research partnership with Procter & Gamble to speed innovative ideas to marketplace by simplifying the legal process companies and universities use to negotiate research projects.
 - Program will be extended from URC to all 15 public universities in state.
 - Pat Hayes, Associate Director, State Government Relations, Procter and Gamble and Daryl Weinert, Director, Business Engagement Center, University of Michigan.

9. People

- In every community in our state we know of people whose actions tell a story about excellence, teamwork, inspiring leadership and making a difference.
- Delphinus Medical Technologies, Inc. has succeeded in building an ultrasound imaging device that effectively differentiates benign from malignant masses in breast cancer cases using a safe, comfortable and reliable patented technology.
 - Dr. Peter Littrup, Founder, Delphinus
- Liquid Web is web hosting company founded in 1997 out of Delta Township, with three data center facilities located in Lansing. Through support from a WIRED grant

and Michigan Works! they've been hiring laid off workers and putting them through an internal training program.

○ Matthew Hill, CEO, Liquid Web, Gregg Hill Secretary/Treasurer

- Common thread evident – they tell of excellence, teamwork and inspiring leadership. That same kind of commitment is what will propel our long-term success.
- Let's make our state the best in the country when it comes to supporting our own entrepreneurs.

10. Closing

- All 10 million of us have a role to play and I am asking each of you to join me in doing what you can to build a better Michigan.
- That might include becoming a mentor to others or volunteering in your communities. No matter how old or young you are or what your background is, there is a big opportunity to make a difference. Michigan needs you.
- Simple truth is that the Reinvention of Michigan depends just as much on what each citizen does as what my team and I do, or what this Legislature does.
- Let us each recommit our time, our talents, and our passion to ourselves, our families and the state we love.
- Together -- the governor, the Legislature, and our citizens, businesses and communities – we can build a New Michigan for the New Century.
- We can make the old unbelievable the new achievable. And we can make the improbable the new exciting reality for our children and theirs. We can, indeed we must, begin right now to build a Michigan where the next generation has their chance to live, to work, to play, and to prosper.
- **So let's roll up our shirtsleeves and get to work, together.**
- Thank you, God bless you and God bless the great state of Michigan.

END